



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill #	SB0234	Title:	Revise tax and fees for professional liability insurance
Primary Sponsor:	Thomas, Fred	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2015 Difference</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:					
General Fund	\$0	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0	\$0
Revenue:					
General Fund	(\$42,880)	(\$85,760)	(\$85,760)	(\$87,046)	(\$88,352)
State Special Revenue	(\$35,120)	(\$70,240)	(\$70,240)	(\$71,294)	(\$72,363)
Net Impact-General Fund Balance	<u>(\$42,880)</u>	<u>(\$85,760)</u>	<u>(\$85,760)</u>	<u>(\$87,046)</u>	<u>(\$88,352)</u>

Description of fiscal impact: SB 234 reduces premium tax rates and filing fees for casualty insurers that offer policies of legal professional liability insurance. SB 234 is retroactive to December 31, 2014 and therefore, it would impact FY 2015 revenues.

FISCAL ANALYSIS

Assumptions:

1. This bill will reduce annual premium tax collections and annual renewal fees for companies that sell legal professional liability policies in Montana.
2. Premium tax revenue is deposited both to the general fund (67%) and the state special revenue fund (33%) to the benefit of the Healthy Montana Kids Program (HMK).
3. This bill will reduce annual premium tax collections by an estimated \$128,000 for a decrease to the general fund of \$85,760 and the HMK state special revenue fund of \$42,240.
4. Annual renewal fees are deposited to the insurance fee state special revenue fund of the State Auditor's Office.
5. This bill reduces annual renewal fees by an estimated \$28,000.
6. There is a 1.5% inflationary factor applied to FY 2018 and FY 2019.

Fiscal Note Request – As Introduced

(continued)

	<u>FY 2015</u> <u>Difference</u>	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>	<u>FY 2018</u> <u>Difference</u>	<u>FY 2019</u> <u>Difference</u>
<u>Fiscal Impact:</u>					
FTE	0.00	0.00	0.00	0.00	0.00
<u>Expenditures:</u>					
Personal Services	\$0	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0	\$0
TOTAL Expenditures	\$0	\$0	\$0	\$0	\$0
<u>Funding of Expenditures:</u>					
General Fund (01)	\$0	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	\$0	\$0	\$0	\$0	\$0
<u>Revenues:</u>					
General Fund (01)	(\$42,880)	(\$85,760)	(\$85,760)	(\$87,046)	(\$88,352)
State Special Revenue (02)	(\$35,120)	(\$70,240)	(\$70,240)	(\$71,294)	(\$72,363)
TOTAL Revenues	(\$78,000)	(\$156,000)	(\$156,000)	(\$158,340)	(\$160,715)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>					
General Fund (01)	(\$42,880)	(\$85,760)	(\$85,760)	(\$87,046)	(\$88,352)
State Special Revenue (02)	(\$35,120)	(\$70,240)	(\$70,240)	(\$71,294)	(\$72,363)

Sponsor's Initials

Date

Budget Director's Initials

Date